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DEVELOPMENT
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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
CHINA

IPF:(1992-96) $176 600 000
(CPR/91/620) - Investment Project Preparation Programme

Date of approval by the AC:[1/]	15 April 1992
Expected duration:	Four Years
Proposed executing agency:	Government
Government implementing agency:	Ministries of Finance and Agriculture
Proposed UNDP contribution:	$5 000 000 Source of funds: IPF
Total UNDP budget:	$5 000 000

Project background

The two main pillars of the Eighth Five-Year Plan are the economic development through sustained, stable and coordinated development of the national economy; and promotion of reform and further opening to the outside world. China is utilizing external assistance from multilateral and bilateral donors in the restructuring and modernizing of its economy. However, the lack of national capability to conduct feasibility studies and to prepare documentation for loans and credits at internationally acceptable standards, has been a major bottleneck in the processing of funding from international development and finance institutions such as the World Bank, IFAD, and WFP. In previous UNDP assistance to pre-investment, the studies undertaken tended to be independent of the country programme and dispersed in various sectors. This did not lead to the level of national intellectual capacity building that was desired. Through intensive review of past experience and careful analysis of current needs by all parties, agreements have been reached that future assistance will be focused on the national priorities and designed to achieve greater impact in capacity-building.

Cognizant that the Governing Council has given UNDP the mandate to support pre-investment activities, the Government seeks, through this programme an approach towards cooperation with multilateral organizations which enhances the complementarity between technical assistance and capital investment. This new programme is expected to lead to capital investment estimated at (US) $5.8 billion by the financial institutions and the Government. The Government also seeks to increase its national capacity to prepare acceptable pre-feasibility studies. Towards these goals it has requested UNDP assistance under the present approval.

[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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Description of project

The development objective of the project is to promote major investment in key areas such as rural development and agricultural production, energy, transport, communications, and social development so as to stimulate the national economy and improve the welfare of the people. The strategy of assistance is based on the selection process of sub-projects. UNDP plays the pivotal role in the determination of sub-projects in support of Third Country Programme with the framework focusing on the relevance of the sub-projects to the priorities of the country programme.

The immediate objectives are to: (a) assist the government counterpart agencies in preparing selected investment projects and international and domestic financing by carrying out feasibility studies; and (b) strengthen national capability in the concerned government agencies to identify, design, and evaluate investment projects, as well as provide essential investment support services.

The main activities will include: (a) fielding of multi-disciplinary missions; (b) assistance in preparation of project design, contract documents and advice on procedures for international procurement; (c) conducting training seminars for national officials, consultants and researchers; (d) producing the information on prospective capital investment in the form of reports required for investment decisions by the Government and financial institutions; (e) leading to upgraded national capacity to prepare international capital investment; (f) planning the selection of approximately 30 specific studies in support of World Bank, IFAD and WFP investments; and (g) creating direct linkages with all selections and the studies that involve UNDP to the areas of concentration of the UNDP Country Programme.

IFAD and WFP interventions presently address the question of rural economic development and production as well as poverty alleviation, while that of the World Bank involves the areas of rural development, energy, transport and communications, and social development. Some sub-projects are closely related to the GEF projects and environment programmes, including the coal programme. In addition, a "reverse flow" of funding from the World Bank, i.e. cost-sharing provided from the Technical Co-operation Credit (TCC) to this project is under consideration by the Bank.

Provisional allocation for the respective institutions were determined by the Government and UNDP based on expected expenditure patterns and need: $2.5 million for the World Bank; $1.5 million for IFAD; and $1 million for WFP.

Inputs

UNDP will provide approximately 190 work-months for international consultants; 228 work-months for national consultants who will closely work with international consultants; subcontract in the special technical feasibility studies; training, training materials and data processing equipment; and miscellaneous costs.

Financial data

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Personnel	3 333 800
Subcontract	650 000
Training	401 000
Equipment	182 500
Miscellaneous	432 700
Total	5 000 000